



Press Release

Paris, January 10th, 2011

Orco Property Group SA took note of Friday's press statement by Deputy Prime Minister Cobankovic that "a solution would be found" to the dispute concerning Orco's investment in Suncani Hvar. Orco last week filed a notice that is a first step to international arbitration between it and the Croatian Government under treaties with the Belgo-Luxembourg Union and France.

"Orco's experience unfortunately is that the business environment in Croatia is deteriorating rather than improving," said Marija Hrebac, Head of Orco's activities in Croatia. "Rather than attempt to promote private investment, the State Privatization Fund has ignored Orco's efforts to realize the potential of the Suncani Hvar development on the Croatian coast," she said. "Last week's developments – Head of the Privatization Fund refusing to give Orco more than 20 minutes for discussion before blocking important initiatives at the Suncani Hvar shareholders meeting and the police taking Orco's CEO into custody for hours after the meeting – are not signs of a Government that welcomes foreign investment."

Orco expressed cautious optimism with respect to the Deputy Prime Minister's suggestion of a meeting with company officials. "The company would like to avoid international arbitration and resolve the current disputes with the Government," Marija Hrebac said. "On the other hand, we have participated in many meetings with officials over the past months. We have as yet received nothing from the Government suggesting a new approach. We very much hope to see one."

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